

**ASSESSMENT OF A CORRELATION BETWEEN MARKETING
FACTORS AND PERFORMANCE OF SMALL ENTERPRISES
(A Case Study of Debre Markos Town)**

**A Research Submitted to the Department of Management, University of
Gondar in Partial Fulfillment of the Requirements for the Degree of Master of
Business Administration**



**MASTERS OF BUSINESS ADMINISTRATION PROGRAM
DEPARTMENT OF MANAGEMENT
FACULTY OF BUSINESS AND ECONOMICS
UNIVERSITY OF GONDAR**

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ደብረ ማርቆስ ከተማ አስተዳደር የቴክኒክ ሙያና ኢንተርፕራይዞች ልማት ጽፈት ቤት (2006). የ2006 በጀት ዓመት የዘጠኝ ወር ዕቅድ ከንዑን ሪፖርት

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Appendix A. Questionnaires

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Questionnaire to be filled by small enterprises owners or employees in Debre Markos town

The purpose of this questionnaire is to collect information about the marketing factors of small enterprises in Debre Markos town. The research will be fruitful only when there is your cooperation in providing genuine answers to the following questions. Your responses will be kept confidential and are only for academic purpose.

Thank you in advance for your cooperation!

Part I: Demographic Information about the respondents

1. Sex A. Male B. Female
2. Age in years A. 18-25 B. 26-35 C. 36-45 D. 46-55 E. 56 and above
3. Marital Status
 - A. Never married
 - B. Married
 - C. Divorced
 - D. Widowed
4. Your educational level
 - A. Illiterate
 - B. Up to Grade 8
 - C. Grade 9-10
 - D. 10⁺¹⁻⁴ or Diploma
 - E. 1st Degree and above
5. Have you ever been in any other business?
 - A. Yes
 - B. No
6. Do you have other source of income?
 - A. Yes
 - B. No

Part II. Enterprise Related Questions

1. Your business fields of industry_____
2. How long is your business started?
A. Less than 1 year B. 1-5 yrs C. 6-10 yrs D. 11-15 yrs E. greater than 15yrs
3. How many employees including the owner (s) were when the business started? _____
4. How many employees including the owner (s) are there in your enterprise? _____
5. By how much total capital did the enterprise has start its activity? _____
6. By now how much is the total capital of the enterprise? _____
7. What were the sources of your start-up capital?
A. Personal saving
B. Micro finance
C. Banks
D. Borrowed from friends & relatives
E. “Equb”
F. Others (please specify) _____
8. Do you participate in different bids?
A. Yes B. No
9. If your answer for question no. 14 is ‘yes’ at what level?
A. In national bid
B. In local bid
C. In Performa
10. As to your understanding, by which of the following are your customers being attracted more?
A. By the quality of your product
B. By the price of your product
C. By your approach and communication
D. By referral of your loyal or satisfied customers
E. Others_____
11. How did you get the market?
A. As you expected B. More than your expectation C. Below your expectation

12. What is your future plan?

A. Maintain production

B. Expand capacity

C. Reduce capacity

D. Shut down operation

E. Others (specify)_____

Part III: Marketing Factors that Affect the Performance of SEs

The major factors that affect the performance of MSEs are listed in the following tables. Please select to what extent these factors are affecting the performance of your enterprise and put () mark on what you agree up on.

13. Factors related to marketing skills and promotion

No	Factors	(1) Strongly agree	(2) Agree	(3) Undecided	(4) Disagree	(5) Strongly disagree
1	Market needs are not surveyed before production					
2	Unable to create market linkage to products					
3	Orders are not finalize on time.					
4	Unable to adapt to changing environment					
5	Unable to identify target market					
6	Sales staff are not well trained					
7	Poor handling and weak relation with customers					
8	Unable to know the profit from each item accurately					
	Promotion Questions					
9	Lack of doing promotion to attract potential users					
10	Lack of networking and referrals					
11	Unable to participate in bazaars					
12	Absence of signboards					

14. Place (for Working and selling) related factors

No	Factors	(1) Strongly agree	(2) Agree	(3) Undecided	(4) Disagree	(5) Strongly disagree
1	Poor location of business site					
2	High rent for working and selling premise					
3	The premise is small in size and affects production					
4	There is no marketing channel					
5	Market problem due to lack of infrastructure to the premises					
6	The premise is where there is stiff competition					

15. Factors related to price

No.	Factors	(1) Strongly agree	(2) Agree	(3) Undecided	(4) Disagree	(5) Strongly disagree
1	Prices are not competitive					
2	Unable to know detail costs for price setting					
3	Prices are not consistent					
4	Prices are set without considering the demand and supply of products or services					
5	There is no discount for large quantity or repeated sales					
6	There is no credit sales for loyal customers					

16. Factors related to product

No	Factors	(1) Strongly agree	(2) Agree	(3) Undecided	(4) Disagree	(5) Strongly disagree
1	Unable to develop new products					
2	Unable to differentiate products from competitors' products					
3	There is no guarantee for defected products					
4	Customers are not involved in product quality improvement					
5	Lack of market for products					
6	Raw materials are not the right quality					

Thank you very much again!

Appendix B. Interview Questions

Interview Questions

1. How did you prefer this business to other alternatives?
2. Had you done market analysis before you started this business?
3. Have you ever participated in any marketing training?
4. What kind of marketing strategy do you use to sell your products or service?
5. How do you create market relationships?
6. Do you keep your schedule (appointments) of serving your customers? If no why?
7. Are you at office (work area) all the times of working hours? If not, what kind of person represents you?
8. What other marketing problems do you encounter in your enterprise?
9. How do you set your products' or services' price?

መ. ሥራውን ማቋረጥ ሠ. ሌላ ካለ ይግለፁ

ክፍል ሦስት፡- በግብይት ላይ ተፅዕኖ የሚያሳድሩ ጉዳዮችን በተመለከተ የቀረቡ ጥያቄዎች

ቀጥሎ ባሉት ሰንጠረዦች የቀረቡ ጥያቄዎች የድርጅትዎን ውጤታማነት ተጽዕኖ ሊያሳድሩ የሚችሉ ከገበያ ጋር ተያያዥነት ያላቸው ጉዳዮች ናቸው። ከተዘረዘሩት ጉዳዮች ውስጥ የእርስዎን ሥራ ዘርፍ በይበልጥ ተፅዕኖ የሚያሳድሩትን ያመልክቱ። ለእያንዳንዱ ጥያቄ ከአማራጮች አንድ ጊዜ ብቻ የ (✓) ምልክት በማድረግ ምላሽ ይስጡ።

19. የድርጅቱ ባለቤቶች ወይም ሰራተኞች ያላቸውን የግብይት ክህሎት (ችሎታ) እና ምርታቸውንና አገልግሎታቸውን የማስተዋወቅ ሥራ የሚመለከቱ ጉዳዮች

ተ. ቁ.	ጉዳዮች	በጣም እስማማለሁ	እስማማለሁ	ለመወሰን እቸገራለሁ	አልስማማም	በጣም አልስማማም
1	ምርቱ/አገልግሎቱ በገበያ ላይ የሚፈለግ ስለመሆኑ ጥናት አለመደረግ					
2	የገበያ ትስስር መፍጠር አለመቻል					
3	የደንበኞች ትዛዝ በተባለበት (በፈለጉበት) ጊዜ አለመድረስ					
4	ወቅቱ ከሚፈጥራቸው ለውጦች ጋር አብሮ አለመጓዝ					
5	አትራፊ የሆነን ገበያ ለይቶ ትኩረት አለመስጠት					
6	ሽያጭ ላይ የሚሰሩ ሰራተኞች በዘርፉ በቂ ስልጠና ያላገኙ መሆናቸው					
7	ከደንበኞች ጋር ያለ ግንኙነትና አያያዝ ደካማ መሆን					
8	ከአንድ ምርት የሚገኘውን ትርፍ በትክክል አለማወቅ					
9	ደንበኞችን ለመሳብ የሚደረገው የማስተዋወቅ ሥራ ዝቅተኛ መሆን					
10	ከደንበኞች ጋር ትስስር ማነስ					
11	በባዛሮች መሳተፍ አለመቻል					
12	አድራሻ ጠቋሚ ምልክት አለመኖር					

20. የመስሪያና የመሸጫ ቦታ በተመለከተ የቀረቡ ጉዳዮች

ተ.ቁ	ጉዳዮች	በጣም እስማማለሁ	እስማ ማለሁ	ለመወሰን እችገራለሁ	አልስማ ማም	በጣም አልስማማም
1	ቦታው ለገበያ አመች አይደለም					
2	የመስሪያና የመሸጫ ቦታ ኪራይ ከፍተኛ ነው					
3	የመስሪያና መሸጫ ቦታ ሥፋት በቂ አይደለም					
4	ምርቶችን ወደ ሌላ ገበያ ወስዶ የሚሸጥ የለም					
5	ቦታው መሰረተ ልማት ስላል ተሟላት ለገበያ ምቹ አይደለም					
6	ቦታው ከፍተኛ የሆነ ውድድር ያለበት ነው					

21. የመሸጫ ዋጋን በተመለከተ የተነሱ ጉዳዮች

ተ.ቁ	ጉዳዮች	በጣም እስማማለሁ	እስማ ማለሁ	ለመወሰን እችገራለሁ	አልስማ ማም	በጣም አልስማማም
1	የምርቶች ዋጋ በገበያ ላይ ተወዳዳሪ አይደለም					
2	ዋጋ ለማውጣት የግብዓቶችን ዝርዝር ወጭዎች በትክክል አይታወቁም					
3	ዋጋዎቹ ወጥ አይደሉም					
4	ዋጋዎቹ የምርችን በገበያ ላይ ፍላጎት መጨመርና መቀነስ ያገናዘቡ አይደሉም					
5	በብዛት ወይም በተደጋጋሚ ለሚገዙ ደንበኞች የዋጋ ቅናሽ አይደረግም					
6	ለቋሚ ደንበኞች የዱቤ ሽያጭ የለም					

22. ምርት ወይም አገልግሎት በተመለከተ የተነሱ ጉዳዮች

ተ.ቁ	ጉዳዮች	በጣም እስማማለሁ	እስማ ማለሁ	ለመወሰን እቸገራለሁ	አልስማ ማም	በጣምአል ስማማም
1	አዳዲስ ምርቶችን/አገልግሎቶችን ማምረት/መስጠት አለመቻል					
2	ምርቶችን ከተወዳዳሪዎች ምርቶች የተለየ የሚያደርጋቸው ነገር አለመኖር					
3	በምርቶች ላይ ቅሬታ ሲኖር ዋስትና አለመኖር					
4	የምርቶችን ጥራት ለማሻሻል መረጃ ከደንበኞች አለመቀበል /አለመሰብሰብ/					
5	ለምርቶቹ በቂ ገበያ አለመኖር					
6	ጥራት ያላቸው ግብዓቶች አለመጠቀም					

በድጋሜ በጣም አመለካከለሁ!

ለቃለ-መጠይቅ የቀረቡ ጥያቄዎች

1. ከሌሎች የሥራ ዘርፎች ይህን እንዴት መረጡ?
2. ወደዚህ ሥራ ከመግባትዎ በፊት የገበያ ጥናት አድርገው ነበር?
3. ከአሁን በፊት ግብይት በተመለከተ ስልጠና ወስደው ያውቃሉ?
4. ምርትዎን ወይም አገልግሎትዎን ለመሸጥ የሚጠቀሙት የሽያጭ ስልት ምንድን ነው?
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List of Acronyms

CRM=Customer Relationship Management

CSA = Central Statistics Agency

GDP=Gross Domestic Product

GTP=Grand Transformation Plan

ILO = International Labor Office

MoTI = Ministry of Trade and Industry

MoUDC=Ministry of Urban Development and Construction

MSEs = Micro and Small Business Enterprises

MSMEs=Micro, Small and Medium Enterprises

SEs=Small Enterprises

SMEs=Small and Medium scale Enterprises

UNIDO=United Nations Industrial Development Organization

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Abstract

Small enterprises are great contributors to the growth and developments of any country in the world. Their role becomes paramount in developing countries like Ethiopia where the number of huge factories and industries are not tremendously available. However, they are being challenged by several factors. Being cognizant of this general fact, this study aimed to investigate the impact of marketing factors on the performance of small enterprises in the case of Debre Markos town. The study investigated the influence of five marketing factors: marketing skills of employees and owners, promotion, place for selling and working, price and product factors on the performance of small enterprise. From a total of 81 small enterprises, data were collected from 68 samples as the researcher targeted the whole population for the data collection. Self administered questionnaire and interview with key informants were used as data gathering methods. Data collected using the aforementioned instruments were analyzed using both qualitative and quantitative methods of data analysis. Findings from the study revealed that there is significant marketing skill gap in employees and owners even though most of them are literate. It was also found out that the enterprises are not using adequate promotion efforts to create awareness about their products or services. Moreover, small enterprises are facing problems of high rent, poor location, size problem and lack of marketing channel even though most of the enterprises are using their working premises as selling shops. Price related factors are also among the major marketing problems that affect the performance of small enterprises. Therefore, the local government and other stakeholders need to provide working and market premises, marketing and entrepreneurship trainings, other support to small enterprises so as to foster their contributions to the growth and development of the nation in general and the local community in particular.

Key terms: Debre Markos town, marketing factors, performance, Small enterprises,

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

Micro and small enterprises the world over comprises a widely divergent spectrum of establishment, ranging from micro and rural enterprise to modern industrial units using sophisticated technologies. Because of their contribution in each and every national economy, the importance and emphasize on SMEs has been increased in the minds of policy makers, planners and the industry (Hailay, 2007).

According to ILO (2014), “Almost 202 million people were unemployed in 2013 around the world, an increase of almost 5 million compared with the year before. This reflects the fact that employment is not expanding sufficiently fast to keep up with the growing labor force.” This huge number of unemployed people needs urgent solution so that countries can create healthy economy. Small enterprises are believed to be one of the most contributors in providing job opportunities that account a remarkable share of the total employment of any country.

Small and medium scale enterprises (SMEs) are generally regarded as the engine of economic growth and equitable development in developing economies. They are labour intensive, capital saving and capable of helping create most of the one billion new jobs that the world will need by the end of the century (Agwu and Emeti, 2014).

It is difficult to put demarcation between Small and Medium Scale Enterprises because of their similarity rather are often considered together. Regardless of their similarity, their size varies from country to country and their contribution is immense. Aware of this, small and micro enterprises are become national agenda of Ethiopian government. The government has long recognized the important contribution that these enterprises can make in poverty reduction, employment creation and private sector development. They offer both a safety valve for the survival of workers that is available to find steady wage employment and opportunity for the poor entrepreneurs to raise their capital and income (Minilek & Chinnan, 2012) and (Ehinomen, 2012).

Epheriem (2010), clearly stated that MSEs can play a greater role in improving the socio-economic condition of the poor since they create employment opportunity that enable them to generate their income which in return leads to access for socio-economic merits such as education, better health condition, good housing and nutrition.

The enterprises are described as the national home of entrepreneurship and provide an enabling environment to exercise their talent to the full and to attain their goals. The sector is seen as an important force to generate employment, and more equitable income distribution, to activate competition, exploit niche markets, enhance productivity and technical change, and through all of these stimulate economic development (ibid, 2010).

In most developing countries, MSEs by virtue of their size, location, capital investment and their capacity to generate greater employment have proved their powerful driving effect for rapid economic growth. The sector is also known as an instrument in bringing about economic transition by effectively using the skill and talent of the people without requesting high level of training, much capital and sophisticated technology (Commission on Legal Empowerment of the Poor, 2006) [cited in Woldegebriel, 2012].

Understanding and believing on this, Debre Markos town micro and small enterprises development office, which is one of micro and small enterprises government offices in the country, works on increasing the numbers and sizes of small enterprises. In the area there are 81 registered and formally organized small enterprises in four industries- manufacturing, construction, urban agriculture, and service.

1.2. Statement of the Problem

The contribution of small enterprises to the economy of a nation was identified a long time before. They are sources of innovation, create job opportunity, and assist big enterprises by distributing products and supplying raw materials. Micro, Small and Medium enterprises are considered the driving force for the development of Africa economy. Being high in number, they generate big job opportunities and competitiveness (Kirka, et al., 2013). For Ethiopia, in which the number of big enterprises is limited, small enterprises are believed to be the main contributor to the economy, particularly for providing a huge number of job opportunities to the growing working population.

However, SMEs die in premature stage because of several factors. Among these factors inadequate market research, over-concentration on one or two markets for finished products, lack of succession plan, inexperience, lack of proper records or lack of any records at all, inability to separate business and family or personal finances, lack of business strategy, inability to distinguish between revenue and profit, inability to procure the right plant and machinery, inability to engage or employ the right caliber of staff, cut-throat competition (Agwu and Emeti, 2014).

Similarly, the growth of small enterprises of Ethiopia is not as expected because of several factors. From these factors, marketing related factors are considered to be the most decisive ones. The business line of MSE activities in Ethiopia is relatively similar. A lack of product diversity, however, is prevalent and as a result similar products are over-crowding the market. Some micro enterprises shift from one product to another, and in doing so, capture better market opportunities. Nevertheless, as soon as the market has established it, a multitude of further micro enterprises start the same business and this causes the selling price to fall immediately (Asegedech, 2004).

The researcher came to learn in Ethiopia at large and in Debre Markos town in particular, most of the small enterprises do not conduct marketing research for their products or services before starting their business. Moreover, there are limitations in attracting and maintaining customers. Owners and employees are not skilled in marketing. In addition, they do not have appropriate working premises. They do not have an effective and sufficient promotion. It is noticed to see that there are some small enterprises, which do not have signboard that can show and give information about their location, products or services (ibid). Therefore, aware of these marketing problems the researcher personally observed and a relatively lack of study in the area, he decided to undertake an empirical study to investigate the marketing factors or challenges of small enterprises in Debre Markos in detail, and suggest possible solutions to the users or beneficiaries.

1.3. The research Objective

The general objective of this study is to assess the correlation between marketing factors performance of small enterprises in Debre Markos town. Under this general objective the following are specific objectives:

1. To investigate the main marketing factors of small enterprises in Debre Markos town.
2. To identify whether small enterprises start their business after conducting research on the availability of markets to their products or services or not.
3. To identify the level of marketing skills of the enterprises' owners/employees to sell their products or services.
4. To examine to what extent small enterprises use promotion to sell their products/services.
5. To assess place (for working and selling) related factors that influence performance of SEs.
6. To identify problems that small enterprises face related to their products/services.
7. To examine how small enterprises set prices of their product/service.

1.4. Research Questions

The main research question that the study intended to answer is “what are the marketing factors that affect the performance of small enterprises in Debre Markos town?”. In light of seeking an answer to this research question, the researcher investigated the following sub-problems:

1. Do small enterprises start their business activities after conducting market analysis?
2. Do small enterprises' employees and owners possess the required marketing skills?
3. What efforts do small enterprises put to attract customers in promoting their products?
4. What problems do small enterprises face related to place (for working and selling)?
5. Do products/services of small enterprises have demand in their market? If not, why?
6. Do small enterprises set the price of their products/service based on reasonable ground?

1.5. Scope of the study

Due to time and financial constraints the scope of the research is delimited to small enterprises in Debre Markos town. It is also delimited to those small enterprises that have been registered under Debre Markos town micro and small enterprises development office. Even if micro enterprises are also the concern of the office and both enterprises have other problems in common, as to this research, marketing factors have more effect on the performance of small enterprises. In addition, although the performance of small enterprises are affected by internal and external factors, this research is delimited to analyzing only those factors which are under the control of the owners and employees of the enterprises.

1.6. Significance of the study

The study is premised on the axiom that small enterprises play in the economic development of a nation and the purpose is to assess the marketing factors they are currently facing. Small enterprises of Debre Markos town will get knowledge on the gaps they face related to marketing. This study systematically investigated the problem small enterprises face and suggested strategies to tackle them. The output of this research helps stakeholders and policy makers so as to boost the growth of these firms. By adding current knowledge to the field, other interested researchers can get ground to further study the problems of these enterprises.

In general the output of the research will have value to the following stakeholders:

- **Small Enterprises**-The findings of this research will help small enterprises in identifying marketing factors that affect their business performance and take remedial action.
- **Government and other concerned bodies**-The research output will fill the information gap of the government in marketing challenges of small enterprises.
- **Researchers**-Other interested researchers in the area will get ground from the findings of this research.

1.7. Structure of the Research Report

The research investigates marketing challenges of small enterprises in Debre Markos Town. It tries to find out those marketing factors that inhibit or prohibit their performance. The research has six chapters. The first chapter is about general introduction and includes background of the study, statement of the problem, and objectives of the study. Significance, scope and limitations

of the study are also under this part. The second chapter includes review of related literature in the area. Published and unpublished materials were referred. Other secondary sources like different reports at Woreda, zonal, regional and national level, magazines and government documents were used. The third chapter contains research methodology. Under this chapter study area, study and sample designs, variables, instruments, and progress plan were included. In the fourth chapter data analysis and interpretation were presented. In the fifth chapter from conclusions and interpretations recommendations were made.

Key terms: Debre Markos town, marketing factors, performance, small enterprises

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Theoretical Framework

2.1.1. Definitions of Small Enterprises

There are different ways of defining the term small and micro enterprises in different countries. The base for defining is depending on the number of employees hired, the capital invested and the total balance sheet (asset, liability and capital). Developed countries use small number of employees as a criterion to be a small enterprise. The business type is capital intensive. On the other hand, developing countries base their criterion on capital level as there is excess labor. As to European Union definition small enterprise is an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EURO 10 million (Minilek and Chinnan, 2013).

According to Norlaphoompipat, (2008) cited in Islam, Keawchana and Yusuf (2010), Institute For Small and Medium Enterprises Development enterprises in Thailand have defined based on 3 broad categories taking capital level and number of employees as yardsticks. The first sector is Production and it includes Agriculture Processing (medium size not exceeding 200 million baht and 200 employees and for small size not exceeding 50 million baht and 50 employees), manufacturing and Mining. The second sector is trade and it includes Wholesale and Retail (medium size not exceeding 60 million and 50 employees, and small size not exceeding 30 million and 15 employees). The third sector is service (medium size not exceeding 200 million baht and 200 employees, and small size not exceeding 50 million baht and 50 employees), where one US dollar is 32.26 of Thailand baht.

In Zambia, according to the definition of small enterprises of (JUDAI, 2002, p. 13) cited in ILO (2004) is “Any business whose total investment, excluding land and buildings, does not exceed US\$ 50,000 for manufacturing and US\$ 10,000 for trading and services, where the annual turnover does not exceed US\$ 80,000, employs up to 30 people, registered with the Ministry of Commerce, Trade and Industry”.

The national definition of SMES in Nigeria as adopted at the National Council on Industry (NCI) in 1996 and as cited by Ehinomen and Adeleke (2012) is to classify small scale enterprises as those with total cost, including working capital but excluding cost of land above N1.0 million, but not exceeding N 40.0 million with a labour size of between 11 and 35 workers. Medium Scale

Enterprises are defined as those with total cost, including capital but excluding cost of land above N40.0 million but not exceeding N150.0 million with a labour size of between 36 and 100 workers, where one US dollar is 161.29 Nigeria Naira.

Businesses (enterprises) are called small if they are independently owned, operated, and financed, their employees number is less than 100 and have little impacts on their industries (Hatten, 2012).

The new Small & Micro Enterprises Development Strategy of Ethiopia (published 2011) due to global inflation the government has improved the definition as “Micro-enterprise is the business enterprise found in all sectors of the Ethiopian economy hiring up to five man power and 100,000 birr capital for industry and up to five man power and capital of 50,000 birr for service sector and small scale enterprise category, the industry sector includes 6-30 man power and maximum of 1.5 million birr capital and the service sector involves 6-30 man power and capital of 500,000 birr. Under the industry sector there are Manufacturing, Construction, and Mining and under the service includes Retail, Transport, Hotel and Tourism, Recreation, Information Technology and Maintenance are included”.

In general, the definition for micro, small and medium enterprises is different in different countries. In developed countries, where businesses are capital intensive, the level of capital increases with a limited number of employees. On the other hand, in developing countries, where there is excess manpower, businesses are labor intensive and the capital level is limited.

2.1.2. Roles of Small Enterprises to Countries Development

Small and medium scale enterprises (SMEs) are generally regarded as the engine of economic growth and equitable development in developing economies. They are labour intensive, capital saving and capable of helping create most of the one billion new jobs the world will need by the end of the century (Agwu and Emeti, 2014). To any country, whether it is developed or developing, small enterprises contribute a lot for GDP growth. Many big enterprises are also emerged from small ones.

According to Hobohm (2000), it is widely recognized that any types of development, SMEs have significant role to play in economic development in general and industrial development in particular. SMEs form the backbone of the private sector, make up over 90% of enterprises in the world and account for 50 to 60% of employment. SMEs engaged in manufacturing account for

between 40 and 80% of manufacturing employment. Hobohm has also put the contribution of SMEs as vital because of the following reasons:

1. SMEs are more labor intensive and tend to lead to a more equitable distribution of income than larger enterprises.
2. They contribute to a more efficient allocation of resources in developing countries.
3. They support the building of systematic productive capacities.

Small enterprises (businesses), for example, are the basic elements of the American economy. They represent more than 99.7 percent of all employers; employ more than half of all private sector employees, pay 44 % of total private payroll, produce 13 times more patents per employee than large firms, create more than 50 % of private GDP (Hatten, 2012).

According to Anduaem (1997), different socio-economic importance of MSEs, such as absorbing enumerable capacity of labor, providing income earning opportunities, contributing for more equitable distribution of income, satisfying the variety of cheap goods, less cost and infrastructural requirements of the sector to start the business, motivating the opportunity for investments, injecting competition to the economy constituting as center of innovation, providing various linkage, relying on indigenous resources, flexibility to adapt to the changing market and their being seed beds to the entrepreneurial development.

Similarly, Micro, Small and Medium Enterprises (MSMEs) are viewed as a key driver of economic and social development in the African context. They represent a large number of businesses in a country, generate much wealth and employment and are widely considered to be vital to a country's competitiveness. MSMEs are hailed for their pivotal role in promoting grassroots economic growth and equitable sustainable development Pelham, (2000) cited in Kiraka and et al., (2013). The critical social and economic importance of MSMEs is undeniable. Throughout the world they are considered to be the backbone of healthy economies. Their growth is a fundamental component of economic development. In many countries, they comprise more than 40 percent of businesses and generally serve as the largest engine of job growth in developing and transition economies, often accounting for 20–90% of employment. The researcher also stated that the Government of Kenya reports shows there were 2.8 million MSEs in 2002, contributing to employment of 5.1 million people (ibid).

2.1.3. Roles of Small Enterprises to the Development of Ethiopia

According to Ministry of Urban Development and Construction of Ethiopia (2013), tackling issues of unemployment through the support and promotion of large scale manufacturing industries has repeatedly failed. Large-scale enterprises are characterized by larger demand for heavy machineries with relatively advanced technologies, high investment and working capital, and more skilled manpower, which are all in limited supply in developing countries. In particular, a survey conducted by the Central Statistical Authority (CSA) in May 1997 in 48 major towns showed that there are 584,913 informal sector activity operators and 2,731 small-scale manufacturing industries that give employment to 739,898 in the labor force. Currently, when the sector is being given a great attention in many aspects, job opportunities created are by far greater than the aforementioned.

In most fast developing countries, MSEs by virtue of their size, location, capital investment and their capacity to generate greater employment have proved their powerful propellant effect for rapid economic growth. The sector is also a great means to create economic transition by effectively using the skill and talent of the people without requesting high-level training, much capital and sophisticated technology. (MoTI, 1997)

The Ethiopian government has long recognized the important contribution that small and micro enterprises can make in poverty reduction, employment creation and private sector development. Micro and small enterprises offer both a safety valve for the survival of workers that is available to find steady wage employment and opportunity for the poor entrepreneurs to raise their capital and income. These enterprises also offer a vehicle for acquiring and applying skills to raise productivity and private sector growth, providing better wage earning opportunities for the poor, while raising national income (Minilek and Chinnan, 2012).

While the importance of large industrial and other enterprises for the growth of the Ethiopian economy cannot be denied, there is an ample evidence that the labour absorptive capacity of the small business sector is high, the average capital cost per job created is usually lower than in big business and its role in technical and other innovation activities is vital for many of the challenges facing our country. (MoTI, 1997)

World Bank (2012) stated that many young men and women in rural communities of Ethiopia have limited or no formal employment prospects. This challenge will continue in the context of a

high population growth rate. In addition, thousands of students graduating from universities and colleges have aspirations of not returning to their parents' farms, but instead moving into urban and peri-urban areas, to look for jobs. This report also shows that between 2 and 2.5 million young people are entering the labor market every year. This contrasts with a total of 2.5 million people in paid employment in 2011, of which only 1.5 million were employed in the formal private sector. During the GTP period, the number of young people entering the urban labor market will be almost ten times the number of people retiring. For this great number of unemployment, enhancing small enterprises in the country is one of the means of tackling the problem.

According to the survey of MoTI (1997) over 89% of the informal sector operators are concentrated in manufacturing, trade, hotel and restaurant activities. Of the small scale manufacturing industries 85% are engaged in the manufacture of food, fabricated metal furniture and wearing apparels. The survey also revealed that the number of people earning their livelihood from the informal sector activities and small scale manufacturing industries is eight times larger than those engaged in the medium and large scale industrial establishments.

From the above reviewed literatures one can easily understand that small enterprises are crucial to the growth and development of any nation. In developing nations, in which the number of huge industries is very limited, their contribution becomes paramount.

2.1.4. Marketing: Concepts and Definitions

Marketing of a product or service is a central activity for successful business; it is concerned with identifying, anticipation and meeting the needs of customers in such away as to make a profit for the business. Marketing is the base for the survival of any business (Clough, 2011). Marketing is the homework that managers undertake to assess needs, measure their extent and intensity and determine whether a profitable opportunity exists. Marketing continues throughout the product's life, trying to find new customers and keep current customers by improving product appeal and performance, learning from product sales results and managing repeat performance (Kotler and et al. 2005). Marketing is about producing products that can satisfy buyers, creating awareness about their existence, distributing them to the area where the users are found and providing service in using them. "Marketing involves all the activities needed to get a product from the producer to the ultimate consumer" (Hatten, 2012 p. 265). Mid way there are a number of activities that should carefully be done.

It is not uncommon that many people believe marketing and selling are the same. However, selling is one small component of marketing. Marketing concerns not only current sales but also future long lasting and increasing sales. Marketing is making profit from a satisfied customer. In order to satisfy a customer, there are many things to be considered and done.

Temtime and Pansiri (2004) cited in Tiruneh (2011) also reported in their study of Small business Critical Success/Failure Factors in Developing Economies, in Botswana shows that; marketing activities such as product marketing, market research, and demand forecast and so forth have a greater impact on the success of small businesses performance. The study also added that customer relationship is one of the important determinants of the small business owners' success.

A company must satisfy customers. The fact that they are central to the purpose of any business has implications for integrity. Entrepreneurs who take customers seriously and care about them as individuals are suitable to have more of them. And those they have are likely to return again and again because of that attitude Longenecker, and et al (2008). In marketing the central point is the customer. First, if there is no customer, there is no way to produce products. Second, if our customers are not satisfied with our products, they will not buy them in other times in the future.

2.1.5. Marketing Factors that Influence the Performance of SEs

Small enterprises encounter several marketing factors in doing their business. These factors can be internal or external. Internal factors are under their control while the externals, which are not included in this research, are not within the control of the owners and employees. Internal factors are going to be factors (independent variables) and will be discussed. The major internal marketing factors of small enterprises are marketing skills of employees or owners, promotion, prices, working (business) premise, and product.

Due to their size and financial limitations small enterprises face several marketing factors. According to Ministry of Urban Development and Construction (2013), there are a number of marketing problems that inhibit small enterprises not to grow into small and big enterprises. This in turn affects their labor absorptive capacity of the sector.

Small enterprises usually regard market constraints and the inability to sell their products and services as one of the most serious obstacles to the starting of businesses and growth beyond mere subsistence level. Most Ethiopian MSEs lack adequate marketing channels through which

they could market their outputs. Marketing channels could serve both as means through which marketing information is made available and sales outlets created for the products and services of MSEs (MoTI, 1997).

The researcher has selected the following marketing factors and reviewed them in detail. They are independent variables for the research.

I. Marketing Skills

Perhaps at the center of every successful business is a real marketing person who actually understands that the business grows when customers buy products or services. Generally, running your business for your customers needs is where successful businesses come from. Marketing is a key skill to have and buy delivering what people want to buy is an obvious requirement to running a business but not many people truly understand how to market a business correctly. Marketing led organizations always buck the trend and tend to produce more revenues and profits than their competitors.

Marketing skills are decisive factors for the success or failure of a business. Marketing includes all profitable human activities undertaken by the firm towards the creation of goods and services. Sales and marketing skills will keep the entrepreneur informed, knowledgeable and confident as to determine the most efficient method of physical distribution of goods and services. Important sales and marketing skills, which the entrepreneur should possess to include: knowledge of seasonal fluctuation of goods; ability to determine the extent to which products will sell; ability to determine current trends in sales of products, ability to determine what customers need and shortage of such goods, knowledge of advertising, ability to determine and interpret factors which indicate extent of and strength of competition; and ability to determine availability of goods/raw materials for product and shortage of finished goods (Ezeani, 2012).

According to Longencker and et al. (2008) Customer Relationship Management (CRM) it is necessary to create good customer relationship by understanding their needs and wants emphasizing on long term relationships with them. The authors clearly stated that communication with customers is important so that to know about them and their needs and wants. CRM is the mechanism that small enterprises are expected to use in their business. Customer profiles are the main sources of CRM by providing pertinent data to the method.

“Effective buyer–seller interaction may help to secure a satisfied customer. However, to retain customers over the long term, many service providers have to develop relationship marketing skills for managing customer relationships.” (Kotler and et al. 2005 p.635). Referral networks are invaluable to a business. This does not only mean customer referrals, which are encouraged through discounts or other rewards per referral, but it also includes business-to-business referrals. If you have ever found yourself saying, ‘We don't do/sell what you asked here, but another enterprise in that location does,’ it is more likely that you are getting a referral in return. Hatten (2012), states that relationship marketing broadens the business philosophy. Here a business owner recognizes the value and profit potential of customer retention; therefore, the guiding emphasis is on developing long-term, mutually satisfying relationships with customers and suppliers.

II. Promotion

According to Clough, (2011) small enterprises (entrepreneurs) do not carry out active promotion of their products or services. They rely on short-lived trade and customers finding their businesses by chance, which results in minimal and local sales. Many of them do not give attention how much promotion can increase their sales and profits. Asegedeche (2013) clearly stated that even though some enterprises understand that issuing flyers, posters and business cards have promotional values, they are not doing these activities because they use the money for other urgent matters. Many MSEs are not correctly informed on how to join their respective Chambers of Commerce, or trade association of their industry. They seem not to be aware of the services that they could obtain from them. Certain MSEs that have previously participated in trade fairs fail to follow up, simply due to lack of awareness and skill.

III. Price

Price is the only element from the marketing mix that can generate revenue. Other elements like product, promotion, place (distribution) and person are costs that should be incurred to make profit or to do business (Kotler and Keller, 2012). Prices are the easiest elements of marketing to change. Let alone product feature and channel, communications take more time than price change or adjusting price (ibid, 2012). “Price is the amount of money charged for a product. It represents what the consumer considers the value of the product to be worth to them. The value

of a product depends on the benefits received compared with the monetary cost. People actually buy benefits— they buy what a product will do for them” (Hatten, 2012).

According to Hollensen (2010) there is no fixed or the same price for relationship marketing rather, the products vary based on the preference and asking of the customer, with the value varying correspondingly. Customers naturally want to pay for the products they specify if they get expected features.

Sometimes the reason why small enterprises set their products or service price lower is due to lack of basic costing knowledge, overhead costs and salaries or wages of family involved in business are not considered as costs or expenses. In addition these enterprises do not know the unit costs of products or services. On the other hand these enterprises set higher prices when compared with larger enterprises. However, large enterprises can minimize their unit cost of production using economies of scale (Asegedech, 2004).

In the study of Endalkachew (2008), about identifying the underlying causes of micro and small enterprises failures in Addis Ketema sub-city, the researcher found that the problem of pricing was prominent among the reasons for MSEs’ failure as 58% of the respondents agreed. The reason is that owners lack the capacity to ascertain best prices and they tend to operate at high prices in relation to medium and large scale enterprises. This tends to away most customers to their competitors who are operating at lower costs.

IV. Place (for Working and Selling)

A customer will not likely purchase a service or product unless it can be relatively easily accessed. Placement helps make the purchasing process for a customer easier and more convenient. Often the term distribution is used interchangeably for the placement component of a marketing strategy and includes the decisions a company or firm must make to ensure the connection with the customer or client. Placement is how the marketer connects the products or services with the customer— the easier, more convenient, more accessible the product or service may be, the more likely the customer will purchase the product or service. The number of buyers passing a site strongly affects its potential for retail sales. If you are a retailer, you need to determine whether the type and amount of traffic are sufficient for your business (Hatten, 2012). The entrepreneur may not have an identifiable business premise in which to display and sell their products. Many may sell their products in someone else’s shop or from their home. Business

location is also important to maximize on passing trade. If the business is located far from the market the entrepreneur may rely on customers coming to them or will have increased transportation costs to get their products to market (Clough, 2011).

Several MSEs engaged in activities such as shoemaking, furniture production, metal works, photography, hairdressing and catering might have relatively substantial number of customers provided that they are strategically located and have good salesmanship. However, accessing premises in good locations may not be easy for MSEs. There may be the problem of infrastructure as well as high rent for the premises. Small enterprises have limitations in space available for both the production and storage of their products, which will limit the amount they can produce (Asegedech, 2004) and (Clough, 2011).

According to ILO (2004) in Tanzania, almost all of the women entrepreneurs sold locally within their own district, but 79% also sold within their broader region, and three% (4 women) had international sales. Interestingly, the findings from Tanzania showed a shift in market coverage as part of the business growth and formalization process of the business, with only 29% of the women selling outside of their district at start-up, while 83% of them were doing so at the time of the survey, which demonstrates a substantial development of their businesses.

V. Product

Product is something that buyers need or want it for filling their gaps. It is defined as “... anything that can be offered to a market to satisfy a want or need, including physical goods, services, experiences, events, persons, places, properties, organizations, information, and ideas” (Kotler, and Keller, 2012 p.325).

According to Hollensen (2010), relationship marketing, when appropriately implemented, results in products being cooperatively designed, developed, tested, piloted, provided, installed and refined. The author emphasized that customers should involve in selecting, designing and producing of products so that they can get the value customers want for each component of the product and associated services.

Products are classified on the basis of durability, tangibility, and use. Nondurable goods are tangible goods and consumed within a year. On the other hand, durable goods are tangible goods that normally survive for more than a year. Services (intangible, inseparable, variable, and perishable products) require more quality control, supplier credibility, and adaptability. Based on

use products are either consumer or industrial ones. Consumer products include Shopping, specialty and unsought goods where as industrial goods include raw materials and parts, and capital goods (Kotler, and Keller, 2012).

Small enterprises should work with increasing of the quality of their products. According to Assegedech (2004) if micro and small enterprises can afford, they have to improve the quality of their products continuously to increase their sales. On the other hand if they can't do that they are advised to maintain at least the current quality.

2.1.6. Marketing Strategies for Small Enterprises

Strategy is a decision-making process that transfers a long term vision into day-to-day tactics to realize the long-term plan. Although often thought of only as something reflected in a business plan, strategy is rather a continual process of assessment, reassessment, and analysis, which constantly provides direction to the firm. "A marketing strategy is a fundamental pattern of present and planned objectives, resource deployments, and interactions of an organization with markets, competitors and other environmental factors." (Hollensen, 2010: p. 2)

Essentially, marketing strategy is a plan that allows a business owner to direct activities that are consistent with the goals of the business owner and organization and spend money wisely in order to create the greatest amount of return on investment. Your marketing strategy should be decided in the early stages of operating your business. It should state what you intend to accomplish and how you intend to accomplish it. The marketing section of the business plan is a good place for the small business owner to identify marketing strategies. Any potential investor will carefully inspect how you have laid out the marketing action that will drive your business. A good marketing strategy will help you to be proactive, not reactive, in running your business (Hatten, 2012). Small businesses in the service industries must pay special attention to marketing. When their service is one that customers could perform themselves, a marketing strategy is critical. It is also often more difficult to differentiate or establish a brand image with services than with tangible products. A marketing strategy that communicates the benefits that consumers receive is crucial.

Marketing's key component is creating value to customers. In doing this, first and foremost it is a philosophy that dedicates resources of the firm to ensuring that the wants, needs, and demands of the customer are the firm's focus. This customer-oriented mentality is the base for the strategy

that makes up the entire marketing process. In addition, a proactive and focused marketing plan can provide guidance for targeting the right audience at the right place and at the right time, which in turn maximizes the return on investment and increases revenues. Moreover, marketing is a process of creating value for the customer. It is a set of activities to educate, communicate with, and motivate the targeted consumer about the firm's services or the company's product and services.

Pricing is a powerful tool in developing a marketing strategy with a strong connection to the financial condition of the organization. Pricing too low may result in economic consequences if costs are not covered, and pricing too high may be a spectacular act on demand and sales of the product or service, also resulting in adverse economic consequences. According to Asegedech (2013), formulating good marketing strategy is developing a good marketing mix that contains the 5Ps elements of the mix. They are Product, Price, Place/channel of distribution, Promotion and Person/process. The mix also involves selecting the target client/market: Studying the client with respect to his/her buying motive and behavior, segmentation of the market using relevant bases, evaluating each of the segments, selecting the appropriate segment as target market.

According to Hatten (2012), one of the major advantages that small businesses have over large businesses is close customer contact. Although this closeness can help you maintain your competitive advantage, you will also need a certain amount of ongoing market research to stay closely familiar to your market. If you are starting a new business, you will need market research even more. Hatten also states that market research as the function links the consumer, customer, and public to the marketer through information. That information can be used to identify and define marketing opportunities and problems; to generate, refine, and evaluate marketing actions; to monitor marketing performance; and to improve understanding of marketing as a process.

2.2. Empirical literatures on marketing factors of small enterprises

According to ILO (2004) the study conducted to identify the Challenges of Growing Small Businesses of women entrepreneurs in Africa, in Zambia, the profile of markets and marketing is very similar to that of Ethiopia. If five enterprises are studied, most (i.e. three) have very localized markets and sell by word of mouth; another (a guest house owner) has clients from the region but is also trying to build an international visitor client base (primarily by word of mouth), and the fifth business has an extensive market that operates throughout three provinces, and the woman entrepreneur uses personal contacts from her previous employment in the sector as the primary means of promoting her business.

According to CSA (1997) Survey, the increased role and contribution that the MSE sector could have provided to the national economy is largely constrained by the various policy, structural and institutional related problems and bottlenecks. Lack of smooth supply of raw materials and working premises were reported to be the major bottlenecks facing small scale manufacturing industries, while lack of sufficient capital and working premises were the leading problems of the informal sector operators to start their businesses.

Clients whether they consciously do it or not, know the value of their money. And they always want to know that they are being treated with the dignity they deserve as a client. Clients expect to have undivided attention. Delivering full attention and also on top of that showing the clients that you are attentively listening to what they are saying, you set yourself up for a repeated business and possibly referrals. Listening carefully and having all attention on the clients, absolutely flatters them. The clients will want to go back where they are treated with respect (Elizabeth, 2013). This study conducted on 82 respondents in Tanzania shows that if the businesses required marketing, the majority of the respondents 38.4% strongly agreed, 20.5% agreed and 26.0% were undecided. Those who disagreed were only 4.1% and 11.0% strongly disagreed. As to whether, marketing increases sales, still the majority 30.1% agreed, 28.8% strongly agreed and only 15.1% were undecided. Those who disagreed were 9.6% and 16.4% strongly disagreed. The data presented here show that marketing skills for the small businesses lead to increased sales.

ILO (2003) in its study about women entrepreneurs' sales and marketing channels, 86 per cent said that they relied on themselves to market and promote their products and services directly.

About 10 per cent indicated that their production and market depended solely on orders from clients, and a further 3 per cent said that they sold to and through retailers. This profile of marketing practices and experiences would suggest that many of the women entrepreneurs do not have good networks and limited contact with wholesalers or trading houses that could be used to market their products further in a field.

According to ILO (2004), accessing appropriate and affordable business premises was also seen as a challenge for start-up, particularly for those in Zambia and Ethiopia. Nevertheless in Ethiopia all but one of the women entrepreneurs said that they had premises for their business. Of the 122 women with premises, 59 per cent rented their premises, 37 per cent owned them, and the remaining 4 per cent shared premises with others. Many (60 per cent) of those renting said that whilst the premises were adequate for their business, the rents were too high.

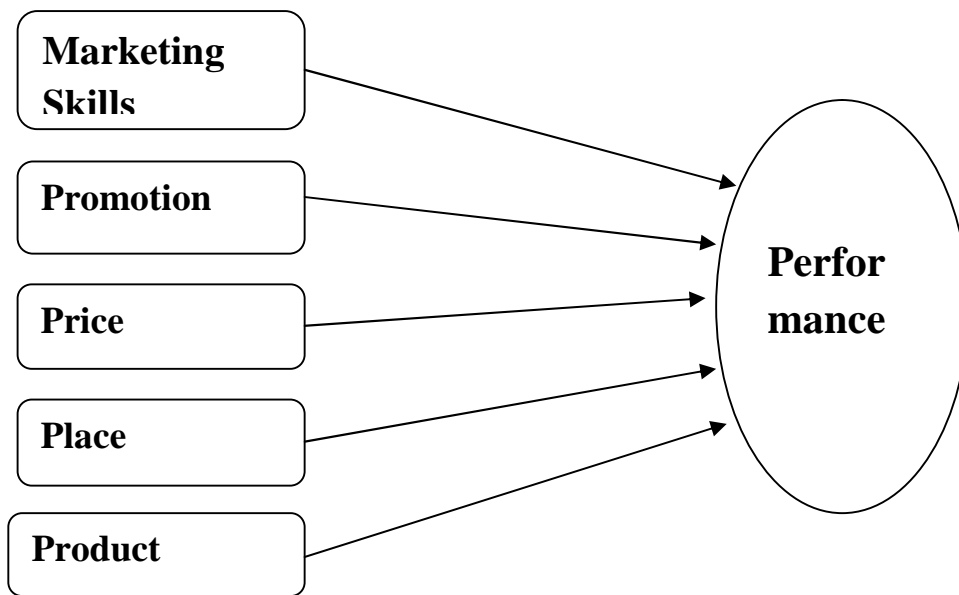
A study conducted by Eshetu and Mamo (2009) indicates that most (87.5%) of the firms reported that there is poor linkage between enterprises. For instance 63.2% of MSMEs indicated that they have a major market problem in their operation. Despite the existing market problems, only 14.26% of respondents considered linkage as being important for development. One factor that could explain this low level of partnership and other forms of business undertakings could be the capacity of MSMEs in Ethiopia. The limited number of medium and large size enterprises in the country conical the mutually benefits that could be derived from undertakings of partnership and linkages.

In the same research with regard to working premises, comparing their past situation, about 64 % of users have described the service as satisfactory, while the rest 36 % said less satisfied. All argued that the service has helped to improve quality of their product, to get relatively more customers and support of other service providers. Moreover, the service has improved weaver's relationship in sharing knowledge and skill. In addition, some argue that it saved them from increasing workshop rent. However, particularly 36 percent of respondents said they were less satisfied due to lack or absence of different utilities such as light, water and other sanitation services.

2.3. Conceptual Framework

Under this topic, concepts that relate to one another are used to explain the research problem. From previous researches, books and government documents reviewed above, the researcher reached a valid assumption that there is a common set of marketing factors to small enterprises. Many researches were conducted on the topic of small enterprises in the world at large. However, in Ethiopia their number is a few. Therefore, this research can remarkably contribute to the enterprises by identifying marketing factors that affect their performance. To align the conceptual framework with the research objectives, enterprises' performance is the dependent variable whereas marketing skills of owners and employees, promotion, product, place (working and selling) premises and price are the independent variables. The dependent variable is usually measured by profit. Profit leads the increase of the income of owners and employees of the enterprises. When profit increases, enterprises also grow which in turn require additional employees and other resources.

Figure 2.1: Conceptual framework that shows the relationship of independent and dependent variables



(Source: own drawing from literature summary)

2.3.1. Variables in the Study

The variables for the study are:

I. Dependant variable

The performance of SEs is measured by capital growth and the increase of employees' number in the enterprises.

II. Independent variables that are affecting the performance of SEs are:

1. Marketing skills
2. Promotion
3. Price
4. Place (for Working and selling)
5. Product

2.3.2. Hypothesis

After careful consideration of all independent variables and the dependent variable of the study, the following hypotheses are developed.

H₁: There is relationship between marketing skills and the performance of SEs.

In order to stay with the existing market, salespeople should know how to analyze sales data, measure market potential, and develop marketing strategies and plans. They need analytical marketing skills. It is believed that sales forces are more effective in the long run if they understand and appreciate marketing as well as selling (Kotler & Keller, 2012).

H₂: There is relationship between promotion and the performance of SEs

Promotion is one of the instruments in the marketing mix that is designed to provide information and persuade customers into buying a product or service (Assegedech, 2004). Unless customers get information where the products they need are found, their price, quality, and use, it is unlikely to get sufficient buyers to products or services.

H₃: There is relationship between price of products and the performance of SEs.

Price is one element of the marketing mix and affects the performances of small enterprises. For similar products, customers prefer the one which has smaller price to higher price. Therefore, these enterprises can use different strategies to make their price competent in the market. According to Assegedech (2004), the best and most preferable pricing strategy is to lower costs and consequently to minimize profit margins, which will both benefit the manufacturer as well as the buyer.

H₄: There is relationship between place (for working and selling) and the performance of SEs.

Small enterprises constrained with lack of working place which is not also commercial area. In most cases, small enterprises use their working area as selling area. This has a great influence on their sales and overall performances (Diriba, 2013).

H₅: There is relationship between SEs' product quality and their performance.

Many entrepreneurs operate at the bottom of the market to take advantage by producing low cost, low price and low quality products. Their low quality products demand in the market is not sustainable which in turn negatively affects their performance.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1. The Settings /the Study Area

According to Debre Markos Town Administration, Debre Markos is a city and woreda in east-central Ethiopia 300 Kilo Meters to the north of Addis Ababa. Located in the East Gojjam Zone of the Amhara Region, it has a latitude and longitude of 10°20'N 37°43' E Coordinates, and an elevation of 2,446 meters. Debre Markos town was founded in 1852 by Dejazmach Tedla Gualu who was the then administrator of the town. Its name was initially called Menkoror. The city was named Debre Markos after its principal church, which was constructed in 1869 and dedicated to St. Mark. Until the reorganization of the provinces that followed the adoption of the 1995 constitution, this city served as the capital of the province of Gojjam. Based on the 2007 national census conducted by the Central Statistical Agency of Ethiopia (CSA), this town has a total population of 62,497, of whom 29,921 are men and 32,576 women. The majority of the inhabitants practiced Ethiopian Orthodox Christianity, with 97.03% reporting that as their religion, while 1.7% of the population said they were Muslim and 1.1% was Protestants.

Even if the town was established earlier than many towns of Ethiopia, until the end of the last millennium its growth was very limited. There are no factories and industries that can create jobs to the working population of the town. Therefore, small enterprises are the first alternative to these people in providing job and daily subsistence. The following table shows the number of small enterprises and their shares in different industries:-

Table 3.1: Number of small enterprises in their industries

No.	Types of industry	Number of SEs	Percentage from the total
1	Manufacturing	37	45.68%
2	Construction	12	16.05%
3	Urban Agriculture	6	8.02%
4	Service	26	32.10%
Total		81	100%

(Source: Debre Markos town technical skills and enterprises development office 2013/14 nine months performance audit report.)

3.2. The study design

The population for this research is the total number of small enterprises in Debre Markos town. There are 81 small enterprises in the town. Therefore, all small enterprises in the town are the subjects of the study and the study is census.

3.3. Sample design

It will be appropriate for the researcher to take all the population as a sample. The reason is that during conducting the research, the researcher has found that the number of small enterprises is 81. Therefore, taking sample out of such a population would not be advisable and desirable- rather gathering primary data from all the subjects using the instruments.

3.4. Research Instrument

Data were collected from 81 small enterprises using questionnaires. Questionnaires were prepared in a way that respondents are motivated to give genuine responses. They are brief and concise without losing the intended meaning. In addition, the layout is simple to get the interest of respondents. The base for preparing them is the literature review and the objectives of the research. Three types of questions are included. The first part contains general information questions that gather information related to sex, age, educational background, experience, number of employees and financial sources. The second part involves questions that gather information about their enterprises back ground and related issues. The last type involves questions that gather information about the research variables.

To triangulate the research, interview was one instrument to collect data from respondents. 12 employees or owners were interviewed.

3.4.1. Instruments Design

Both instruments were designed to strength the practicability of the study. Data were collected from small enterprises using

1. Structured questionnaires

Originally, questionnaires were prepared in English & then translated to Amharic & finally retranslated to English by other person to check consistency.

2. Interview Questions

To triangulate the research, in-depth interview was employed with questions to collect data from respondents. 12 owners/representatives were interviewed.

3.4.2. Instrument Validity

In general, Validity is an indication of how sound your research is. More specifically, validity applies to both the design and the methods of your research. Validity in data collection means that your findings truly represent the phenomenon you are claiming to measure. Valid claims are solid claims (Anastasi & Urbina, 1997, Creswell, 2009).

Before administering the main research, a pilot study was conducted to check the methodology and the validity and reliability of instruments. Then questionnaires were printed, duplicated and dispatched. The instruments selected can help to show factors that affect performance of MSEs. It can clearly address how these factors affect the performance of MSEs in the town. The relevant data were collected on the factors of the Small Enterprises that can better indicate the relationship between factors and the performance of the enterprises. The structured and unstructured interviews can also validate the measurement. Inferential statistical model was used to test the relationship between the variables and to reach at valid conclusion.

3.4.3. Instrument Reliability

Reliability is the degree to which an assessment tool produces stable and consistent results. According to Creswell (2009:190-92) the reliability of the instruments is the degree of consistency that the instruments or procedure shows. In most standardized tests the reliability is expressed as a correlation coefficient. Correlation coefficient (r) measures the strength of association between independent and dependent variables and it varies between -1.00 and +1.00. The two extremes show absolute reliability. 5 point likert scale that includes strongly agree, agree, undecided, disagree and strongly disagree represent each statement in the questionnaire. Based on this scale an internal consistency reliability test was conducted in Debre Markos town with a sample of 12 small enterprises and the Cronbach's alpha coefficient for the instrument was found as 0.856 which is highly reliable.

3.5. Ethical Consideration

In addition to describing the ethical issues in the questionnaire, brief explanation was given to the respondents about the purpose of the research and privacy of their response during data collection. It was clearly stated that since the respondents' response is only for research purpose, no need of writing and/or telling their names. Only numbers were assigned to the questionnaires after they had been filled and returned for the sake of accurate analysis.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF RESULTS

This Chapter presents and analyzes the data collected using questionnaires and interview, and discusses it accordingly. Initially, the questionnaires were prepared in English but it was translated to Amharic, the native language of the area, to communicate with the respondents effectively. Face to face interview was also conducted between the respondents and interviewer. In fact, the pilot test was conducted prior to the survey. This helped the researcher to see if there were any gaps in relation to questionnaire and to modify based on the feedback of the pre-test. In addition, the pre-test enabled the researcher to check the reliability and validity of the collected data.

Descriptive techniques and inferential data analysis methods were used for data analysis. SPSS (Statistical Package for Social Sciences, version 16) was used to analyze the data collected using questionnaire. The analysis focused on attempting to assess relationships between variables and the level of influence of factors on performance. In doing so, to show the results tables and percentages were used. The research was conducted based on primary and secondary data sources. 78 questionnaires were distributed to respondents of the four sectors and 72 were collected representing 92.31% response rate. Three enterprises were not available during data collection. From the 72, four incomplete questionnaires were rejected. Of the 68 successfully filled and returned questionnaires 31, 22, 10 and 5 were manufacturing, service, construction and urban agriculture sectors respectively.

4.1. Data Presentation and Analysis

First, the demographic profile of respondents is analyzed and presented followed by the enterprises related issues. Both are analyzed using frequency tables and percentages. Then, the data related to the factors that affect the performance of small enterprises are presented and analyzed. The data were analyzed using descriptive statistics with mean and standard deviation. To see the relationship and degree of affection among dependent and independent variables, Pearson correlation and multiple regression analysis are also used. All expected marketing factors for the activity of business were asked using likert scale through which respondents shown their level of agreement. The identified factors were expected that their limitation can

affect the normal operation of small enterprise and performance. Factors with low mean values in the tables indicate foremost obstacles facing small enterprises and also its effect too. All questionnaires were used as they consist of factors constraining their performance.

4.1.1. General Characteristics of the respondents

As it easily be seen from table 4.1 below, the number of male respondents (56 or 82.35%) is by far greater than female respondents (12 or 17.65%). The table also shows that the age of the respondents, almost all (66 or 97%), is below 36 years. The rest 2 or 3% of the respondents are found in the age between 36 and 55. Regarding to marital status of the respondents, the table also shows that 33 or 48.52% in other words, almost half of the respondents are not married. And almost the rest half (30 or 44.12%) are married with a few (5 or 7.35%) divorced. In addition, the table shows that except 2 respondents, almost all (66 or 97%) are literate. However, half of the respondents (34 or 50%) didn't get related training. On the other hand, the majority (51 or 75%) and (61 or 89.71%) do not have related experience and other source of income respectively. 17(25%) and 7(10.29%) of the respondents have related experience and other source of income respectively.

Table 4.1: General characteristics of respondents

No.	Demographic profile	Number	Percentage
1	Sex:		
	Male	56	82.35%
	Female	12	17.65%
Total		68	100%
2	Age in years		
	18-25	26	38.23
	26-35	40	58.82
	36-45	1	1.47
	46-55	1	1.47
Total		68	100%
3	Marital status		
	Never married	33	48.53
	Married	30	44.12
	Divorced	5	7.35
Total		68	100%
4	Educational level		
	Illiterate	2	2.94

	Up to Grade 8	8	11.76
	Grade 9-10	30	44.12
	10 ⁺¹⁻⁴ or Diploma	22	32.35
	1 st Degree and above	6	8.82
Total		68	100%
5	Other business experience		
	Yes	17	25
	No	51	75
Total		68	100%
6	Other source of income		
	Yes	7	10.29
	No	61	89.71
Total		68	100%

(Source: Field Survey, 2014)

4.1.2. Characteristics of Small Enterprises

The following table shows small enterprises fields of industry in Debre Markos town.

Table 4.2: Small Enterprises Field of Industry

	Frequency	Percent	Valid Percent	Cumulative Percent
Manufacturing	30	44.12	44.12	44.12
Construction	10	14.70	14.70	58.82
Urban Agricultures	5	7.35	7.35	67.64
Service	23	33.82	33.82	100.0
Total	68	100.0	100.0	

(Source: Own Field Survey, 2014)

As one can easily see from table 4.2 above, 30 (44.12%), 10 (14.70%), 5 (7.35%), and 23 (33.82%) of the enterprises are manufacturing, construction, urban agriculture, and service respectively.

Regarding to experience of small enterprises, as table 4.3 shows, almost all or 63 (92.7%) has less than 5 years of experience. Out of this figure 22(32.4%) have less than one year experience. The rest 5 (7.4%) have experience between 5 and 10 years.

Table 4.3: Experience of Enterprises

	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 1 year	22	32.4	32.4	32.4
1-5 years	41	60.3	60.3	92.6
6-10 years	5	7.4	7.4	100.0
Total	68	100.0	100.0	

(Source: Own Field Survey, 2014)

In order to start a new business there should be finance. Table 4.4 shows the finance or startup capital source of the enterprises.

Table 4.4: Source of Startup Capital

	Frequency	Percent	Valid Percent	Cumulative Percent
Personal saving	24	35.3	35.3	35.3
Micro finance	16	23.5	23.5	58.8
Borrowed from friends and relatives	22	32.4	32.4	91.2
Equb	5	7.4	7.4	98.5
Donation	1	1.5	1.5	100.0
Total	68	100.0	100.0	

(Source: Own Field Survey, 2014)

As table 4.4 shows 24 (35.3%) of the enterprises' finance source or source of startup capital is their own personal saving. Micro finances are financial sources for 16(23.5%). Relatives and friends are also significant source of finance to them. Equb 5(7.4%) and donation 1 (1.5%) contribute their own to finance the enterprises.

According to the response, the main sources of finance to small enterprises of Debre Markos town are personal saving and informal credits. This study shows that the small enterprises totally are not using banks for finance sources. The interview response also assures this. Banks require collateral and other requirements to lend money. Based on this it is possible to conclude that there is finance constraint that in turn affects production and sales.

Table 4.5 below shows more than half of the respondents 42(61.8%) gave response that their customers are attracted more by the quality of their products or services. The rest 11(16.2%), 10(14.7%) and 5(7.4%) replied that customers are attracted more by price of their products, their approach and communication, and referral by their customers. However, the interview conducted shows differently. The majority of the interviewee replied that their customer attraction mechanism is by approaching and creating communication with customers.

Table 4.5: Customer attraction

	Frequency	Percent	Valid Percent	Cumulative Percent
Quality	42	61.8	61.8	61.8
Price	11	16.2	16.2	77.9
Approach and communication	10	14.7	14.7	92.6
Referral by customers	5	7.4	7.4	100.0
Total	68	100.0	100.0	

Small enterprises of Debre Markos town, as indicated in table 4.6, have the following future plan. Half or 34(50%) want to expand their current sizes. 10(14.7%) planned to maintain the existing market. The rest 9(13.2%) and 15(22.1%) planned to reduce and shut down their enterprise respectively.

Table 4.6: Future plan of Small Enterprises

	Frequency	Percent	Valid Percent	Cumulative Percent
Maintain with the existing market	10	14.7	14.7	14.7
Expand it	34	50.0	50.0	64.7
Reduce it	9	13.2	13.2	77.9
Shut sown	15	22.1	22.1	100.0
Total	68	100.0	100.0	

(Source: Own Survey Results, 2014)

Table 4.7: below shows that 23 (33.8%) have got the market as they had expected. 19 (27.9%) of the enterprises are in the market in which greater than their expectation. The rest 26 (38.2%) have got the market below their expectation.

Table 4.7: The Current Market and Small Enterprises Expectation

	Frequency	Percent	Valid Percent	Cumulative Percent
As expected	23	33.8	33.8	33.8
Greater than expected	19	27.9	27.9	61.8
Less than expected	26	38.2	38.2	100.0
Total	68	100.0	100.0	

(Source: Own Field Survey, 2014)

In order to increase their sales, small enterprises are expected to participate in different bids. However, as the table 4.8 above shows, over half or 36 (52.9%) of the respondents do not participate in any type of bid. The rest or 32(47.1%) of them participate in different bids.

Table 4.8: Participation in bids

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	32	47.1	47.1	47.1
No	36	52.9	52.9	100.0
Total	68	100.0	100.0	

(Source: Own Field Survey, 2014)

Table 4.9: Level of Bid Participation

	Frequency	Percent	Valid Percent	Cumulative Percent
National bid	1	1.5	1.5	1.5
Local bid	11	16.2	16.2	17.7
Performa	20	29.4	29.4	47.1
Do not participate	36	52.9	52.9	100
Total	68	100.0	100.0	

(Source: Own Field Survey, 2014)

Table 4.9 depicts that out of 68 small enterprises 32 involve in different bids, of which 20 or 29.4% participate in Performa and 11 or 16.2% participate in local bids. The rest 36 or 53% do not participate in any type of bid.

The root cause for this low participation of small enterprises in different bids, according to the interview result, is financial constraint.

4.2. Marketing Factors

In this section marketing factors that are considered as predictors and affect the performance of small enterprises were discussed using mean and standard deviation. The smaller the value of the mean is that respondents agree on the existence of those marketing factors or problems and the vice versa.

4.2.1. Analysis of Marketing Factors Using Central Tendency and Dispersion

Table 4.10: Factors related to owners and employees marketing skills

	Orders are not finalized on time	Poor handling and weak relation with customers	Sales staff are not well trained	There is no market survey	Unable to adapt to changing environment	Unable to create market linkage	Unable to identify target market	Unable to know the profit from each item accurately
Mean	1.7206	1.7353	1.7206	1.7059	1.6324	1.8235	1.7206	1.7353
Std. Deviation	1.00514	1.07367	1.10421	1.06587	1.03526	1.11892	1.00514	1.07367
Grand Mean	1.7243							
Grand Std. Dev.	1.0602							

(Source: Own Survey Results, 2014)

As it is indicated in the table 4.9, the score of grand mean and grand standard deviation of the factors related to marketing skills of the owners or employees of small enterprises are 1.72 and 1.06 (the nearest two digits) respectively. According to the response it is possible to conclude that orders are not finalized on time. This leads customer dissatisfaction and reduces sales volume (performance). Similarly, there is poor handling and weak relation with customers. Sales

staffs are not well trained. As the above table also shows and it is indicated in part II, that because the market is below their expectation as 26 (38.2%) replied.

According to interview data, employees and owners of small enterprises in Debre Markos do not have the required marketing skills. Many of them had not participated in marketing trainings. This has a negative effect on their performance.

Table 4.10: Factors Related to Promotion

	Absence of signboards	Lack of doing promotion	Lack of networking and referrals	Unable to participate in bazaars
Mean	1.7059	1.6618	1.7500	1.6176
Std. Deviation	.97825	1.07357	.83532	.99295
Grand Mean	1.6838			
Grand Std. Deviation	0.97			

(Source: Own Survey Results, 2014)

Small enterprises have to introduce their products to the market. This can be done using appropriate market promotions. As Table 4.10 shows there is promotion related problem. The grand mean (1.66) and standard deviation (0.97) score show small enterprises are not doing adequate promotion to their products. Most of them do not have signboards that can show their address and promote their products. Lack of networking and referrals and unable to participate in bazaars are promotion related factors that the respondents agreed upon.

From the interview, the researcher assured that employees and owners of small enterprises believe that signboards and other promotional efforts are not this much important. According to their response, customers don't face address related problems as the town is not complicated.

Table 4.11: Place Related Factors

	High rent for working and selling premise	Infrastructure problem to the premises	Poor location of business site	The premise is small in size and affects production	The premise is where there is stiff competition	There is no marketing channel
Mean	1.8235	2.0735	1.8382	2.0441	1.7500	1.6471
Std. Deviation	1.14528	1.55800	1.19214	1.12547	1.01298	1.06175
Grand Mean	1.8627					
Grand Std. Dev.	1.1826					

(Source: Own Survey Results, 2014)

As table 4.11 depicts, place (for selling and working) is one factor that affects the performance of small enterprises. Among the factors of place the highest problem with mean 1.65 and standard deviation 1.06 is lack of marketing channel. The second most important place factor with mean 1.75 and standard deviation 1.01 is stiff competition in the area. The least place factor is infrastructure with a mean and standard deviation score of 2.07 and 1.56 respectively. In general, the grand mean and standard deviation of these factors are 1.86 and 1.18 respectively showing that place for working and selling is affecting their performance. On the other hand, the interview data show that, even if the problem is there, it is not as such serious and affects performance to the minimum level.

Table 4.12: Factors related to Prices

	Prices are set without considering the demand and supply of products or services	Prices are not competitive	Prices are not consistent	There is no credit sales for loyal customers	There is no discount for large quantity or repeated sales	Unable to know detail costs
Mean	1.7353	1.8235	1.7794	1.7794	1.8529	1.9853
Std. Deviation	.92426	.92947	.94388	1.03442	.99648	1.08576
Grand Mean	1.8260					
Grand Std. Dev.	0.9857					

(Source: Own Survey Results, 2014)

As indicated in Table 4.12 above, price factors are one of the marketing factors that affect the performance of small enterprises. These factors have almost similar effect on their performances. Price fixation without considering the market demand and supply of products is the highest problem with mean and standard deviation score of 1.73 and 0.92 respectively. Inconsistency of price is the next factor that affects most with mean score and standard deviation of 1.78 and 0.94 respectively. The interview also shows that prices are not set based on calculations. Prices are not consistent. Even for the same product, there is different price setting based on the bargaining power of customers. Employees and owners fix price not by calculating unit costs rather based on estimating trends.

Table 4.13: Factors related to Products

	Customers are not involved in product quality improvement	Lack of market for products	Raw materials are not the right quality	There is no guarantee for defected products	Unable to develop new products	Unable to differentiate products
Mean	1.7059	1.8382	1.8824	1.7206	1.6176	1.6471
Std. Deviation	1.02300	.97139	1.12674	.84369	.93089	1.00394
Grand Mean	1.7353					
Grand Std. Dev.	0.9833					

(Source: Own Survey Results, 2014)

The table 4.13 above shows that unable to develop new products and unable to differentiate their products with mean 1.62 and 1.65 and standard deviation of .93 and 1 respectively are the most important factors that highly affect the performance of small enterprises in Debre Markos town. The second product related factors that have almost similar effect on their performance are lack of customers' involvement in product quality improvement and absence of guarantee for defected products with mean score of 1.71 and 1.72 and standard deviation of 1.02 and .84 respectively. Lack of market for products with mean score 1.84 and standard deviation of .97 and poor quality of raw materials with mean score 1.88 and standard deviation of 1.13 are product factors that have less effect when compared with the previous ones.

According to the interview, customers' involvement during product design is very rare. The response to unsatisfied customers complain is not proportional. Instead, customers are told as if they are the causes for these dissatisfactions.

4.2.2. Inferential Statistics Results

Inferential statistics are techniques that allow us to use samples to make generalizations about the populations from which the samples were drawn. It is, therefore, important that the survey accurately represents the population.

4.2.2.1. Pearson Correlation

In analyzing the relationship of the dependent variable and independent variables, Pearson's Product Moment Correlation Coefficient was used. Table 4.14 below shows that there is a positive relationship between the dependent and independent variables.

Table 4.14: Pearson Correlation

		Performance
Marketing Skills Factors	Pearson correlation	0.363**
	p-value	0.001
	N	68
Promotion Factors	Pearson correlation	0.253*
	p-value	0.019
	N	68
Place Factors	Pearson correlation	0.167
	p-value	0.087
	N	68
Price Factors	Pearson correlation	0.233
	p-value	0.028
	N	68
Product Factors	Pearson correlation	0.295*
	p-value	0.007
	N	68

**Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

(Source: Own Survey Results, 2014)

As table 4.14 above indicates, the relationship between marketing skills factors and product factors with performance indicating Pearson correlation analysis are 0.363 and 0.295 respectively with the former statistically significant at 99% and the later at 95% confidence level. Moreover, Promotion Factors and Price Factors are positively correlated with performance, i.e. their Pearson correlation analysis results are 0.253 and 0.233 respectively and statistically significant at 95% confidence level. The table also depicts that place factors are positively correlated although the relationship is lower than the previous ones. It is 0.167 statistically significant at 95% confidence level.

4.2.2.2. Regression

To know the extent to which the variables explain the variance, regression analysis was used.

The following table shows the results of the analysis and discussed below.

Table 4.15: Regression

Model Summary ^b		R		R Square	Adjusted R Square	Std. Error of the Estimate
		.711 ^a		.506	.466	232722.172
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
Coefficients ^a	(Constant)	-1.187E6	172792.475		-6.870	.000
	Marketing Skills	31440.532	5639.655	.515	5.575	.000
	Promotion	28156.757	8394.612	.301	3.354	.001
	Place	16207.413	4974.872	.298	3.258	.002
	Prices	23840.673	6215.889	.356	3.835	.000
	Products	27108.727	6679.792	.373	4.058	.000

a. Predictors: (Constant), Products, Promotion, Marketing Skills, Place, Prices

b. Dependent Variable: Performance

(Source: Own Field Survey, 2014)

Table 4.15 shows multiple regression taking performance as dependent variable and other variables as independent ones for the survey of 81 small enterprises in Debre Markos. The result of the regression proves that all hypotheses are accepted.

All predictors or independent variables have a positive relationship with performance or dependent variable. If we see the table again, the regression analysis shows that multiple R or the optimal linear combination of the independent variables, i.e. marketing skills, promotion, place, price and product is 0.711. This is to mean that the independent variables have 71.1% effect on performance. The rest 28.9% effect on performance is caused by or affected by other variables that are not included in the research. In addition, it can easily be seen that the R^2 value is 0.506 and adjusted R^2 is 0.466.

The other point that the regression analysis shows is that all explanatory variables of the study can explain at 99% confidence level to the variation on the dependent variable. Indeed, the highest influence from the predictor on the dependent variable is the marketing skills that employees and owners have with standardized coefficients or beta score of 0.515. The next high value of beta from the predictors is product related factors followed by price factors by the score of 0.373 and 0.356 respectively. Promotion and place related factors have similar effect on the dependent variable with 0.301 and 0.298 beta value.

4.3. Limitation of the study

This research, like other similar researches, encountered some limitations. Some respondents were not sure about the confidentiality of their response although they were clearly informed about it. Many of the respondents required a great effort and frequent visit to fill questionnaires and to be interviewed. However, these limitations do not have any interference with the findings of the research.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

Chapter five is about the conclusions and recommendations of the study. Based on the objectives, research questions, reviewed literatures and findings of the research conclusions are reached and recommendations are forwarded.

5.1. Conclusion

Small enterprises are great contributors to the growth and developments of any country in the world. Their role becomes paramount in developing countries like Ethiopia where the number of huge factories and industries are not tremendously available.

The enterprises are performing their activities being affected by both internal and external factors. This research focuses on marketing factors which is one of the internal factors that affect the performance of small enterprises in Debre Markos town. The following conclusions are derived from the research based on the objectives and findings:

- Owners and employees of small enterprises in Debre Markos are almost all or 66 (97%) literate. However, the majority or 60% did not get marketing trainings in the area. Moreover, out of 68 small enterprises, 51 or 75% do not have previous business experience and only 7 or 10.29% have other source of income.
- Regarding to source of startup capital, only 16 or 23.5% borrowed from micro finances. The rest 52 or 76.5% have got from informal sources and personal saving. This shows that due to collateral and some other formality requirements, the enterprises have no access to credit for their marketing purpose from banks.
- The majority (62%) of the small enterprises attract their customers by product/service quality. However, interview finding contradicts with this. According to the interview, 83% of the customers are attracted more by approach and communication of employees and owners of the enterprises.
- Although 23 or 34% and 19 or 28% of the enterprises have got the market as they had expected and greater than expected respectively, a remarkable number of respondents (26 or 38%) have got the market below their expectation. This indicates that there is a gap in conducting market research before entering to the business.

- From the finding it is also possible to conclude that there is marketing skill gap in employees and owners. Due to this customers are not served or are not getting products or services based on schedule, unable to conduct market survey leads to difficulty to know the demand and supply of their products, poor customer relationship, and unable to calculate profit from each item accurately.
- It was also found out that the enterprises are not using adequate promotion efforts to create awareness about their products or services to their customers. The majority even do not have signboards that can show their address.
- Although most of the enterprises are using their working premises as selling shops, the research investigated that they are facing problems of high rent, poor location, size problem and lack of marketing channel.
- Price related factors are still other problems that affect the performance of small enterprises. According to the finding, prices are fixed without considering the demand and supply of the market. They are not competitive and consistent, fixed without calculating detail costs.

5.2. Recommendations

The contribution of small enterprises to the economy of a nation was identified a long time before. They are sources of innovation, create job opportunity, and assist big enterprises by distributing products and supplying raw materials. The Federal Democratic Republic Government of Ethiopian has paid due attention to the development of micro and small enterprises understanding that they are essential means to address economic growth, unemployment and distribution of income problems within the nation. Taking the aforementioned importance of small enterprises into consideration, the government and all other stakeholders should make their own efforts to solve marketing related problems that small enterprises face.

Recommendations to local government and the government at large

- ◆ Small enterprises' employees and owners should get entrepreneurship and business concept trainings before starting and during performing their activities so that they can be effective and efficient on their works.
- ◆ Startup capital problem leads the enterprises to be incompetent in the market because of unable to benefit from economies of scale. Therefore, government should create favorable condition for the availability of credit from banks.
- ◆ Debre Markos town micro and small enterprises development office in particular and the government of Ethiopia at large should take market survey as a criterion and pre-requisite to start small enterprises.
- ◆ Place for selling and working is one of the major marketing problems that small enterprises are being faced. Their income is not proportional with the rent they pay to the premise owners. So, the government should motivate and support these enterprises by providing the place with minimum lease until they get power.

Recommendations to small enterprises

- ◆ The enterprises' owners and employees should be conscious that both customers and potential customers have to get information about their products and service through different promotional efforts. At least any enterprise should have signboards that can show their address and location.
- ◆ Small enterprises should fix prices of their products and services based on reasonable grounds. They should consider demand and supply of the market, calculate all costs to produce a single product and the price should also be competent and consistent.

Recommendation to researchers

- ◆ Interested researchers in the area are advised to replicate this study adding other determinant factors by longitudinal data collection and using more statistical tests for cross-validation purposes in future researches to identify the marketing factors that are affecting the performance of small enterprises.